

Short Duration Policy

December 9, 2005

Summary of Major Proposed Policy Changes

Bullet Point a. (pages 9 & 10)

- Increased AAA rated Structured Securities to 10% Issuer limit from 5%
- Increased AAA rated Corporate and Yankee Securities to 10% Issuer limit from 5%
- Increased non-AAA rated Corporate and Yankee Securities to 5% Issuer limit from 2%
- Increased A1/P1 and A1+/P1 rated Money Market Securities (maturing the next business day) to 15% Issuer limit from 10%
- Increased A1/P1 and A1+/P1 rated Money Market Securities to 10% Issuer limit from 5%
- Increased less than A1/P1 rated Money Market Securities (maturing the next business day) to 10% Issuer limit from 4%
- Increased less than A1/P1 rated Money Market Securities to 5% Issuer limit from 2%

Bullet Point b. (pages 11 & 12)

- Increased “Any Other Individual Structured Collateral Sector” limit to 50% from 15%
- Increased the sector weight for less than A1/P1 rated Money Market Securities maturing the next business day to 50% sector limit from 25%
- Increased the sector weight for less than A1/P1 rated Money Market Securities to 25% sector limit from 10%

Bullet Point c. (pages 23 & 24)

- Extended U.S. Treasury and Government Sponsored Enterprise fixed rate Weighted Average Life to 2 years from 14 months
- Extended AAA rated Structured Securities floating rate Weighted Average Life to 7 years from 5 years
- Extended AAA rated Structured Securities fixed rate Weighted Average Life to 2 years from 14 months
- Extended non-AAA rated Structured Securities floating rate Weighted Average Life to 5 years from 3 years
- Extended non-AAA rated Structured securities fixed rate Weighted Average Life to 18 months from 14 months
- Extended the maturity limits on money-market securities
- Extended AAA rated Corporate and Yankee floating rate Weighted Average Life to 5 years from 3 years
- Extended AAA rated Corporate and Yankee fixed rate Weighted Average Life to 2 years from 14 months
- Extended non-AAA rated Corporate and Yankee floating rate Weighted Average Life to 4 years from 3 years
- Extended non-AAA rated Corporate and Yankee fixed rate Weighted Average Life to 18 months from 14 months

Bullet Point d. (pages 26 & 27)

- Increased AAA rated Structured Securities with a Weighted Average Life less than 1.5 years to 15% Issuer limit from 10%
- Increased AAA rated Structured Securities with a Weighted Average Life greater than 1.5 years to 10% Issuer limit from 5%
- Increased non-AAA rated Structured Securities to 5% Issuer limit from 2%
- Increased AAA rated Corporate and Yankee Securities to 10% Issuer limit from 5%
- Increased non-AAA rated Corporate and Yankee Securities to 5% Issuer limit from 2%
- Increased A1/P1 and A1+/P1 rated Money Market Securities (maturing the next business day) to 15% Issuer limit from 10%
- Increased A1/P1 and A1+/P1 rated Money Market Securities to 10% Issuer limit from 5%
- Increased less than A1/P1 rated Money Market Securities (maturing the next business day) to 10% Issuer limit from 4%
- Increased less than A1/P1 rated Money Market Securities to 5% Issuer limit from 2%

Bullet Point e. (pages 27 & 28)

- Increased Fixed Rate (> 35 day Weighted Average Life) to 35% from 20%
- Increased allowable % in HEL to 75% from 20%
- Increased "Any Other Individual Structured Collateral Sector" limit to 50% from 20%
- Increased "non-AAA rated Structured Securities" sector limit to 20% from 10%
- Increased the sector weight for less than A1/P1 rated Money Market Securities maturing the next business day to 50% sector limit from 25%
- Increased the sector weight for less than A1/P1 rated Money Market Securities to 25% sector limit from 10%